

### **SECTION 3: LHAP INCENTIVE STRATEGIES**

A legislative action by the Florida Legislature in 2007 (HB1375) required a review of the City's affordable housing incentives. Listed below are all of the incentives, as identified in 420.9076(4) FS that were reviewed and adopted.

#### **A. Expedited Permitting – No Changes Recommended**

Description: According to Section 163.3164(7), (8), Florida Statutes, *a permit is a development order, which means any order granting, denying, or granting with conditions an application for a development permit. A development permit includes any building permit, zoning permit, subdivision approval, rezoning, certification, special exception, variance, or any other official action of local government having the effect of permitting the development of land.* In order to receive State Housing Initiatives Partnership (SHIP) funds from the Florida Housing Finance Corporation, local governments are required to do their part to reduce the cost of housing by expediting permits for affordable housing.

Established policy and procedures: In 2007 the Housing and Community Development Department, the Planning Division and the Office of Permitting Services came together and discussed the pros and cons of the existing Expedited Permitting Process. As a result, the process was restructured to emphasize efficiency. Under the new Expedited Housing Development Approval Process, the Housing Expediter continues to be the lead staff person responsible for coordinating the City's review of the project to provide consistency with other departments. The Housing Expediter is responsible for the initial review of a project applying for certification to determine whether it meets the income criteria. The Housing Expediter then contacts other City staff in the various departments responsible for the development and building of the project. In addition, the Housing Expediter serves as the key contact person between City staff and the applicant for affordable housing certified projects. The Housing Expediter assists the developer throughout the development review and permitting process, and coordinates with City staff to ensure that any issues are addressed early in the development process. Projects that include residential green building principles receive priority as part of the expedited process.

The Planning Division and Permitting Services Division have each assigned a staff person to serve as an Ombudsman for certified housing projects. If a planning or permitting issue arises, the appropriate Ombudsman is responsible for notifying the Housing Expediter.

#### **B. Ongoing Review Process – No Changes Recommended**

Description: The Florida Statutes require local governments to establish a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan revisions if it increases the cost of housing. Land Development Code (LDC) amendments

and Growth Management Plan (GMP) amendments are reviewed by the Planning Division and the Municipal Planning Board. Final review and approval is by City Council. Those responsible for reviewing proposed ordinance and policy amendments consider a variety of issues including the reason(s) why the amendment is being proposed and whether the regulations and policies within the LDC and GMP respectively support the proposed amendment.

Established policy and procedures: All LDC and GMP amendments that will impact the development of affordable and attainable housing are reviewed by the Housing Expediter and the Affordable Housing Advisory Committee (AHAC) before submission to City Council for approval. During the review of the proposed policy or regulation, staff performs research on the impacts of that policy or regulation on housing cost in the Technical Review Committee (TRC) Project and Analysis Report. Staff from the initiating department/division discusses the policy impacts with the Housing Expediter. The Housing Expediter then schedules a meeting to present the policy amendment to the AHAC with a Housing Impact Statement detailing the economic impact for the development of affordable or attainable housing. Recommendations by the AHAC regarding the impacts of the proposed regulations or policy on housing costs are included in the MPB report for recommendation to City Council, who makes the final decision.

The Housing and Community Development staff works with other City departments to bring to the attention of the AHAC, any policies or ordinances that do not require MPB approval, but will affect the cost of housing, before the City Council takes action. Staff from the initiating department/division discusses the policy impacts with the Housing Expediter. The Housing Expediter then schedules a meeting to present the policy amendment to the AHAC with a Housing Impact Statement detailing the economic impact for the development of affordable or attainable housing. Recommendations by the AHAC regarding the impacts of the proposed regulations or policy on housing costs are forwarded to City Council, who makes the final decision.

### **C. Affordable Housing Certification Process – No Changes Recommended**

Description: The intent of the Affordable Housing Certification Process is to identify those projects that meet the definition of affordable housing. In order to participate in the Affordable Housing Certification Process, a minimum of twenty percent (20%) of the units in the project must meet the definition of very low, low, and/or moderate income housing. These developments are eligible to receive specific regulatory and financial incentives. The certification process allows the City to more effectively direct its incentives to those projects that will result in the provision of decent, safe affordable housing. Further, the certification process provides a benefit to the developer by clearly indicating, before the start of the development process, what incentives are available for the proposed project. Another benefit of the Affordable Housing Certification Process is that projects that have been certified receive expedited services from all City departments at all steps in the development review and permitting process.

Established policy and procedures: Projects seeking any of the affordable housing incentives such as SHIP/HOME funds, capacity reservation set-asides, reduced reservation fees, impact fee grants, discounts, or exemptions, reduced Land Development or Growth Management

application fees, or developing a residential project utilizing the Alternative Housing Development standards, must be certified prior to receiving these incentives. The Affordable Housing Certification Process has been amended to also include certain incentives for attainable housing developments.

#### **D. Establishment of a definition for Attainable Housing – No Changes Recommended**

Description: In 2006, a task force appointed by Mayor Buddy Dyer addressed the need for attainable housing. Attainable housing was defined by the Task Force as “well designed housing for public employees, public safety employees, teachers, and employees of small and large businesses within the City of Orlando, whose annual income is from 50% to 150% of the area median income.”

Established policy and procedures: The City adopted a definition to address attainable rental housing development. The definition states that “*a mixed income development in which no less than 20% of all of the residential units within the project must be occupied by Very Low Income Households, an additional 40% of all of the residential units within the project must be occupied by attainable income households, and the remaining 40% of the residential units must be households earning higher than 150% of the area median income*”. The Affordable Housing Certification Process has been amended to address the new “attainable housing” definition. This provides an opportunity for developments containing attainable housing units to receive certain regulatory incentives.

#### **E. Impact Fees – No Changes Recommended**

Description: The sewer benefit fee and the transportation impact fee are the only two impact fees the City of Orlando charges for new construction. In addition, the Orange County School Board levies a school impact fee for residential development. As an incentive for the production of affordable housing, the City established an Affordable Housing Impact Fee Program that provides a full or partial reimbursement for sewer and school impact fees, and a Transportation Impact Fee Exemption Program that exempts certified developments from the payment of the transportation impact fees for affordable units.

Established policy and procedures: To receive reimbursement of the sewer and school impact fees, developers must pay all impact fees when building permits are issued. After the sale of the housing unit at or below the City’s maximum sales price, or after the housing unit is rented at or below the established HUD rents, the impact fees will be reimbursed by the City, provided funding is available. The reimbursement is available on a first come, first serve basis. Another benefit available to certified affordable housing developments is the Transportation Exemption Impact Fee Program. The program offers a partial exemption for projects that have received housing certification. Below is a specific description of the available impact fee benefits:

*Reimbursement of sewer impact fees:*

- 100% reimbursement from SHIP funds for eligible affordable units if they meet the City’s adopted residential green building criteria for affordable housing projects; or

- 75% reimbursement from SHIP funds for eligible affordable units if they do not meet the City's adopted residential green building criteria for affordable housing projects.

*Exemption of transportation impact fees:*

- 100 % exemption of the transportation impact fees for eligible affordable housing units if the certified housing project meets the City's commuter criteria\*.
- 50% exemption of the transportation impact fees for the eligible affordable housing units if the certified housing project does not meet the City's commuter criteria but is accessible to grocery stores, public schools, pharmacies, medical facilities, financial institutions, or a post office via a public transit stop located within a ¼ mile distance.
- 75% exemption of the transportation impact fees for the eligible affordable housing units in certified attainable housing projects if the certified housing project meets the City's commuter criteria.
- 25% exemption of the transportation impact fees for the eligible affordable housing units in certified attainable housing projects if the certified housing project does not meet the City's commuter criteria but is accessible to grocery stores, public schools, pharmacies, medical facilities, financial institutions, or a post office via a public transit stop located within a ¼ mile distance.

\* To meet the City of Orlando's commuter criteria, a development must be located within a ¼ mile distance to a City-designated Activity Center or a light rail or commuter rail station.

*Reimbursement of school impact fees:*

- 25% reimbursement from SHIP funds for eligible single family affordable housing units.
- 50% reimbursement from SHIP funds for the eligible multi-family affordable housing units.

**F. Increased Density/Intensity Levels – No Changes Recommended**

Description: The City of Orlando operates a voluntary density bonus program. The program offers a density bonus in several residential, office, and commercial districts. In exchange for more density, the developer must commit to build the affordable housing units on-site. However, instead of building the affordable units on-site, the developer may choose to provide an in-lieu contribution to the "City of Orlando Trust Fund for Low and Very Low Income Housing."

Established policy and procedures:

DENSITY BONUSES AVAILABLE IN ORLANDO ZONING DISTRICTS

District	Intensity		Maximum Bonus		Available Intensity with Bonus
R-3A	12 units/acre	+	3 units/acre	=	15 units/acre
R-3B	21 units/acre	+	5 units/acre	=	26 units/acre
R-3C	30 units/acre	+	10 units/acre	=	40 units/acre
R-3B	75 units/acre	+	15 units/acre	=	90 units/acre
O-1	0.4 F.A.R. *	+	0.075 F.A.R. *	=	0.475 F.A.R. *
O-2	0.7 F.A.R. *	+	0.125 F.A.R. *	=	0.825 F.A.R. *
O-3	1.0 F.A.R. *	+	0.15 F.A.R. *	=	1.15 F.A.R. *
AC-1	0.7 F.A.R. *	+	0.1 F.A.R. *	=	0.8 F.A.R. *
AC-2	1.0 F.A.R. *	+	0.15 F.A.R. *	=	1.15 F.A.R. *
AC-3	1.5 F.A.R. *	+	0.3 F.A.R. *	=	1.8 F.A.R. *
AC-3A	3.0 F.A.R. *	+	0.5 F.A.R. *	=	3.5 F.A.R. *

\* F.A.R. = Floor Area Ratio = building floor area/land area

The Land Development Code requires a Neighborhood Compatibility Review for all developments requesting a density bonus. The purpose of the review is to ensure that the intensity of a development utilizing a density bonus remains compatible with adjacent neighborhoods. All variances, except variances to height requirements, are prohibited within developments that have received density bonuses. If the neighborhood compatibility review is favorable, the applicant is allowed to increase the density of development in accordance with the approval.

In return for the density bonus, the developer is required either to provide on-site affordable housing units equal to the number or additional units permitted by the bonus or to contribute a percentage of the total construction costs to the trust fund at the time of permitting. At the time of building permitting, the Building Official determines the amount of the contribution based on 2% of the total construction costs of the development. The on-site alternatives require that the affordable units be devoted by deed restriction to low and/or very low income households.

**G. The allowance of flexible lot configurations, including zero lot line configurations – No Changes Recommended**

Description: Flexible lot configurations provide an alternative to conventional development guidelines for small lots. These development standards are intended to allow a number of different building site layout alternatives.

Established policy and procedures: The City of Orlando’s Land Development Code (LDC) has

permitted zero-lot-line development as a design option for one or two family dwellings. Zero-lot-line development is permitted in most residential districts as part of the platting process. With the zero lot line standards, the LDC allows the unit to be placed along the rear and/or side property lines, reduces the rear and front setbacks below the minimum yard requirements in the applicable zoning districts, and reduces the minimum lot depth required in the district.

#### **H. Disposition of property for affordable housing – No Changes Recommended**

Description: According to Section 166.0451, Florida Statutes, each local government must prepare an inventory of all real property within its jurisdiction to which the local government holds fee simple title that is appropriate for use as affordable housing. The inventory must include the address and legal description of each such property and specify whether the property is vacant or improved. The City Council approved the inventory at a public hearing. A resolution that includes the inventory was adopted by City Council. The properties identified as appropriate for use as affordable housing on the adopted inventory may be offered to interested parties for the development of affordable housing.

Established policy and procedures: The City of Orlando's inventory is prepared by the City's Real Estate Office (REO) and the Housing and Community Development (HCD) Department. The City owns properties that were obtained through voluntary sales and donations by private individuals, code liens foreclosures, and tax deed sales. The remaining properties in the inventory were divided in three categories:

- Category 1: Ready (Lot is platted, can proceed to permitting)
- Category 2: Needs variance, determination, and/or replatting
- Category 3: Lot not buildable/Parcel acquired through tax deed sales

The properties included under Category 1 and Category 2 are available and ready to use. Properties in Category 3 will be included in the inventory; however, will not be available for disposition right away. New properties will be added to the list as they become available. Properties will be deleted from the list as they are donated to eligible organizations or if their use for affordable housing is no longer viable. Interested nonprofit as well as for profit organizations may request the donation of the lot(s) by completing a SHIP/HOME Funding Application and the Parcel Selection Addendum.

Properties listed in the City of Orlando's inventory of all real property will be available throughout the year to eligible nonprofit and for profit organizations for the construction of affordable housing used for sale or rent. Land from this program may also be conveyed to a community land trust for the development of long term affordable housing. The land may be conveyed as a single incentive or part of a housing incentive package, which includes other housing incentives. Either way, the City will require the developer to execute an agreement along with a mortgage, a promissory note, and a restrictive covenant.